

**MILWAUKIE CITY COUNCIL
WORK SESSION
FEBRUARY 29, 2000**

The meeting came to order at 6:30 p.m. in the Milwaukie City Hall Conference Room.

City Council present: Mayor Tomei and Councilors Kappa, King, Lancaster, and Marshall.

Clackamas River Water Board: Lowell Hanna, Paul Rogers, Bruce Fontaine, and David Brummell.

Clackamas River Water staff: Dale Jutila and Alan Fletcher.

Milwaukie staff: City Manager Bartlett, Assistant City Manager Bennett, and Public Works Director Stepan.

Sunrise Water Authority Appeal

Bartlett discussed the status of the Sunrise Water Authority appeal and the SB 122 process. If Metro overturns the appeal, it would be under LUBA's purview since it is a planning document. Metro staff person Wong will monitor the process and prepare the staff report, and Bartlett believed the staff recommendation would be sustained. He noted that Milwaukie does have an interest based on several existing agreements with Happy Valley.

South Fork Discussions

Bartlett indicated he and Jutila were not involved in these discussions, but other jurisdictions are discussing a consolidated agreement to pump Clackamas River water to a treatment facility.

Jutila said there was a recent meeting at which an agreement was made with the North Clackamas Water Commission for pipe. South Fork also approved an agreement for winter-time water supply. He discussed existing water rights and South Fork's ability to supply Tigard and Lake Oswego. To date, South Fork has been unwilling to share the water rights, and, from Clackamas River Water's (CRW) perspective, some of the same customers are being served.

Bartlett said Oregon City's Manager indicated he was open to discussions. The best approach would be to come to an agreement that all could support, so that the big suppliers like the City of Portland and the Willamette Water Supply Agency would not overwhelm the smaller cities. Both of those agencies have Willamette River water rights. Although these issues may be fifty years in the future, it is important to sustain the Willamette as a viable source.

Jutila noted that Portland's 25-year wholesale water agreements will be expiring in the next few years. In the past few years, Portland changed its cost allocation methods resulting in dramatic rate increases, so most of its wholesale customers are looking at other supply opportunities.

Brummell urged having a vision of how service can be improved and costs reduced. It is critical to assimilate customer information and be responsive in order to build relationships.

Bartlett believed Milwaukie and CRW had its partnership in place and were moving forward with the vision.

Clackamas River Water -- City of Milwaukie Partnership

Current Agreement for Water Purchase

Bennett discussed the intertie and Milwaukie's daily purchase of water from CRW. Milwaukie benefited in that it did not have to drill a new well and increase its storage capacity. Wells can be taken off line for maintenance without impacting service. The intertie was exercised in November and worked well. CRW's rate is more economical than drilling another well, and the additional supply will be critical on peak days.

Jutila added this was an example of a good relationship. This is the cheapest kind of water to produce, so it is less expensive for Milwaukie and meets peak usage needs.

Brummell discussed maneuvering around peak usage periods to save money. This kind of arrangement shows a willingness to work together and stresses partnering for the good of the community.

Hanna added this was a good precedent and something that has yet to happen between CRW and South Fork.

Possible Shared Engineering Services

Bartlett discussed the feasibility of contracting with CRW for engineering services for waterline replacements. Greg Drechsler, a former Milwaukie engineer, is already familiar with the City's systems.

Stepan saw this as a good opportunity since Milwaukie does not have enough in-house staff to do the design work.

Joint Storage

Stepan discussed the City's Water Master Plan. Milwaukie contracted with Montgomery Watson to update its 10-year old plan, and preliminary data indicates the City may be short of storage facilities for peak use and emergency situations. The City is considering some kind of relationship that would eliminate the need for Milwaukie to build another water storage facility.

Jutila commented that Montgomery Watson also prepared the CRW master plan, so the firm knows both systems well. CRW currently has a lot of storage capacity.

Bartlett added that Milwaukie prepared its RFP for this project in such a way that consultants were encouraged to take a broad approach to problem solving that included identifying appropriate wholesale/retail relationships.

Councilor Kappa asked if CRW's plans included population increases.

Jutila said the plans took Metro's latest density projections into account, and the ability is there to serve growth in the area. He discussed the current capacity and future expansion capabilities that included an undeveloped 25-acre site on the river that could supply 100 million gallons per day.

Mayor Tomei asked at what point would water suppliers have to stop taking water out of the Clackamas River.

Jutila said Oregon Water Resources would make that determination. He discussed current rights, pending applications for additional capacity, and the agreement with PGE for timed Timothy Lake releases.

Brummell said it was never CRW's vision to be the powerful supplier. Property was acquired on the river to serve future regional needs.

Hanna added there would be partnerships, and the new facility would not be owned by only one entity.

Fontaine agreed the facility would be built with partners to serve the region.

Bartlett explained that was the point at which the last SB 122 process ended, and he felt it was important to pull that vision back together.

Brummell said Bull Run is a beautiful, pristine place, but there are some problems. The connections are loose and may not withstand an earthquake, and, if there is a forest fire, silt and ash could create a problem for the entire area. If something happens to Bull Run, everyone will have a problem.

Councilor Marshall asked how much water per day comes out of Bull Run.

Jutila said about 100 million gallons.

Councilor Marshall asked how much it would cost CRW to build the future treatment plant.

Jutila said construction costs are estimated at \$1 per gallon.

Councilor Marshall asked if Milwaukie would benefit by purchasing more water from CRW and letting its own wells rest.

Bartlett said there are benefits to resting Milwaukie wells. In all probability, the quality problem is coming from the Stanley-Proto site and is causing migration of TCE contamination. He discussed looking into more shared services that could include fleet.

Hanna described aquifer storage and recovery (ASR) that allows for system rest periods between peak usages.

Jutilla added that, in the ASR process, water, typically from a surface water source, is injected into a groundwater well to create a bowl. One could expect an 80% recovery from this type of process.

Bartlett said the Water Master Plan would look at those areas in which both entities could gain economies in addition to identifying system needs.

Rogers suggested taking a leadership role if these ideas are workable. There could be some influence with the Sunrise Water Authority.

The Milwaukie City Council and the Clackamas River Water Board directed their respective staffs to move forward with discussions.

Mayor Tomei suggested, since water is a finite commodity, it would also be appropriate to discuss conservation.

Brummell said that was the dichotomy of this kind of service. Conservation generates less income, so it will be important to have a shared vision and make operations as efficient and cost effective as possible.

The group discussed water usage and treatment by the microchip industry. They also talked about the impacts of current state and federal regulations having to do with waterways, water quality, and fish and wildlife habitat.

Councilor Kappa suggested a tour of the CRW facility.

The work session ended at 7:40 p.m.

Pat DuVal, Recorder